



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1 100

APR -7 2000

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
SENIOR CIVILIAN OFFICIAL, **OFFICE** OF THE ASSISTANT
SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT **SECRETARY** OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)
DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY
DIRECTOR, DEFENSE CONTRACT **MANAGEMENT** AGENCY

SUBJECT: Implementation Strategy A.3, "Property in the Possession of Contractors"

The recently coordinated version of Implementation Strategy **A.3**, "Property in the Possession of Contractors," indicated that the Department would employ a public accounting firm to assist in resolving issues associated with Property in the Possession of Contractors (**PIPC**). Based on subsequent **discussions** with the Inspector General of the Department of Defense (IG, **DoD**) and the Defense Contract Audit Agency (DCAA), this Strategy has been revised to utilize the DCAA rather than a public accounting firm. This office has determined that **the DCAA's** on-site **presence** at defense contractor facilities and familiarity with defense contractor property and accounting systems will **facilitate the** accomplishment of the **objectives** of this Strategy and that **the** required analyses can be accomplished more efficiently by the DCAA.

Concurrent with the review of **PIPC**, **the DCAA** will initiate a review of material (operating **material** and supplies and inventory) in the possession of contractors. This effort relates to a proposed **Implementation** Strategy, "Material in the Possession of Contractors." This office believes that consolidating these two reviews will minimize disruption to the affected defense contractors and enable the Department to assess material in a more timely manner since many of the same defense contractors that are in possession of **DoD** Property, Plant and Equipment (**PP&E**) also possess **DoD** material.

The Department is establishing an oversight committee to manage this project. The oversight committee will be comprised of **representatives** from the Office of the Under Secretary of Defense (Comptroller) (**OUSDC**), the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics), the DCAA, the Military Departments, the Defense Contract

Attachment 1

Management Agency, the IG, **DoD** and the GAO and will be chaired a member of the **OUSD(C)**. Initial plans call for meeting every 2 weeks. The first committee meeting will be held on April 12, 2000, at 1:00 p.m. in Room 1A658 of the Pentagon. Addressees should forward the names of their representatives to my point of contact, Mr. Fred Wulsin, by April 11, 2000. Due to the scope of this effort, **addressees** may want to consider **identifying** separate representatives for **PP&E** and material.

Mr. Wulsin may be reached by e-mail: wulsinf@osd.pentagon.mil or by telephone at (703) 697-3135.



Alice C. Maroni
Principal Deputy Under
Secretary of **Defense** (Comptroller)